



## DEPARTMENT OF THE TREASURY

### Privacy Act of 1974; System of Records

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau (TTB), Department of the Treasury.

**ACTION:** Notice of a Modified System of Records.

**SUMMARY:** In accordance with the Privacy Act of 1974, the Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau, proposes to modify a current Treasury system of records titled, “Treasury/TTB .001 Regulatory Enforcement Record System,” which will now be titled “Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001–Regulatory Enforcement System of Records.”

**DATES:** Submit comments on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. The modified routine uses will be effective on **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may submit comments electronically via the Federal eRulemaking Portal, Regulations.gov, <https://www.regulations.gov>, using the comment form posted for this document within Docket No. TTB–2020–0001. Alternatively, you may submit written comments to the Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005, Attention–Revisions to Privacy Act Systems of Records. The Alcohol and Tobacco Tax and Trade Bureau no longer accepts comments submitted by e-mail.

The Bureau will post all comments received, including any personal information you provide, along with any attachments or other supporting disclosures, without change on the Regulations.gov website. Therefore, you should submit only information you wish to make publicly available. The Bureau also will make any comments received

available for public inspection and copying at the address listed above by appointment; telephone 202–453–1039, ext. 135, to make an appointment.

**FOR FURTHER INFORMATION CONTACT:** For general questions, please contact Michael Hoover at 202–453–1039, ext. 135. For privacy issues, please contact Jackie Washington at 202–453–1039, ext. 019.

**SUPPLEMENTARY INFORMATION:**

In accordance with the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the Department of the Treasury (“Treasury” or the “Department”), Alcohol and Tobacco Tax and Trade Bureau (TTB), proposes to modify an existing Treasury system of records titled, “Treasury/TTB .001 Regulatory Enforcement Record System.” This is the only system of records adopted by TTB as of October 1, 2020.

TTB administers the Internal Revenue Code of 1986 (IRC), as amended, at 26 U.S.C. chapter 51 (distilled spirits, wine, and beer), chapter 52 (tobacco products, processed tobacco, and cigarette papers and tubes), and sections 4181–4182 (firearms and ammunition excise taxes), and the Federal Alcohol Administration Act (FAA Act, 27 U.S.C. chapter 8). Under its IRC authorities, TTB collects the Federal excise taxes levied on alcohol, tobacco, firearms, and ammunition products and the special occupational taxes levied on certain tobacco industry members. Under these IRC and the FAA Act authorities, TTB also administers the Federal permit, registration, or notice requirements that apply to alcohol and tobacco industry members, as well the Federal requirements that apply to the production, labeling, and marketing of alcohol beverage products.

Under this system of records, TTB collects certain personal information from individuals who file tax returns with or submit return information to TTB regarding excise taxes on alcohol, tobacco, firearms, and ammunition, and from individuals who file special occupational tax returns or information. Also under this system of records, TTB collects certain personal information about individuals who are associated with

operations and businesses that are the subject of permit applications, notices, or registrations under the IRC or FAA Act or activity undertaken under such permits, notices, or registrations. Such operations and businesses include alcohol and tobacco permittees; alcohol, tobacco, and firearms and ammunition excise taxpayers; special occupational taxpayers; claimants for refund, abatement, credit, allowance, or drawback of excise or special occupational taxes; and those filing offers in compromise.

While there are no significant changes to this system of records, TTB is modifying this system to make clarifying changes to conform to the latest guidance from the Department. Specifically:

- TTB is revising the system title to include the full name of the Department and Bureau, to read “Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB) .001–Regulatory Enforcement System of Records.”
- TTB is revising the categories of records included in this system to clarify the types of personally identifiable information (PII) currently kept in the system, including names of individuals, dates of birth, Social Security Numbers (SSNs) (if collected), Employer Identification Numbers (EINs), and address and contact information.
- TTB is adding or revising several routine use descriptions for this system to clarify to whom and for what purpose TTB may provide information contained in this system. In particular, as required by OMB Memorandum M–17–12, “Preparing for and Responding to a Breach of Personally Identifiable Information,” dated January 3, 2017, TTB is updating the language used to describe the existing routine use for this system regarding sharing information with other Federal agencies or Federal entities to assist the Department and TTB in responding to a suspected or confirmed breach of this system or to prevent, minimize, or remedy the risk of harm from such a breach to regulated industry members, TTB, the Federal Government, or national security.

- Other minor changes made throughout the document are editorial in nature and include updates to the notice’s format and correction of grammatical or typographic errors.

Federal law protects PII and other information contained in this system from disclosure. Specifically, 5 U.S.C. 552 prohibits the unauthorized disclosure of confidential commercial information obtained by the Federal Government from regulated businesses and individuals, and 26 U.S.C. 6103 prohibits disclosure of tax returns and related information unless disclosure is specifically authorized by that section.

This modified system will be included in Treasury’s inventory of record systems. Treasury and TTB have provided a report of this system of records to the Committee on Oversight and Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Office of Management and Budget (OMB), pursuant to 5 U.S.C. 552a(r) and OMB Circular A–108, “Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act,” dated December 23, 2016.

For the reasons set forth above in the preamble, TTB proposes to modify its system of records entitled “Treasury/TTB .001 Regulatory Enforcement Record System” as follows:

**Ryan Law,**

*Deputy Assistant Secretary for Privacy,*

*Transparency, and Records.*

**SYSTEM NAME AND NUMBER:**

Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB)  
.001—Regulatory Enforcement System of Records.

**SECURITY CLASSIFICATION:**

Unclassified.

**SYSTEM LOCATION:**

TTB maintains the system records at its headquarters in Washington, DC, and at its National Revenue Center in Cincinnati, OH, located, respectively, at these addresses:

- Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Washington, DC 20005; and
- Alcohol and Tobacco Tax and Trade Bureau, National Revenue Center, 550 Main Street, Suite 8002, Cincinnati, OH 45202.

In addition, components of this system also are geographically dispersed throughout TTB's field offices. A list of TTB's field offices and their addresses is available on the TTB website at <https://www.ttb.gov/about-ttb/district-office-locations>.

**SYSTEM MANAGER(S):**

Assistant Administrator, Permitting and Taxation, Alcohol and Tobacco Tax and Trade Bureau, 550 Main Street, Suite 8002, Cincinnati, OH 45202.

**AUTHORITY FOR MAINTENANCE OF THE SYSTEM:**

5 U.S.C. 301; 26 U.S.C. 5001, 5006(a), 5008, 5041, 5042(a)(2) and (3), 5044, 5051, 5055, 5056, 5061, 5062, 5064, 5101, 5132, 5172, 5179(a), 5181, 5271(b)(1), 5275, 5301(a) and (b), 5312, 5356, 5401, 5417, 5502, 5511(3), 5705, 5712, 6001, 6011(a), 6201, 6423, 7011, and 7122; 27 U.S.C. 204 and 207; and section 1111(d) of the Homeland Security Act of 2002, as codified at 6 U.S.C. 531(d).

**PURPOSE(S) OF THE SYSTEM:**

The purpose of this system is to administer the laws under TTB's jurisdiction, including determining eligibility or qualifications of individuals who are engaged or propose to engage in activities regulated by TTB; assure collection of the revenue due from regulated industry members; preventing improper trade practices in the beverage distilled spirits, malt beverage, and wine industries; and interact with Federal, State, and local governmental agencies in the resolution of problems relating to revenue protection and other areas of joint jurisdictional concern.

#### **CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:**

The categories of individuals covered by this system of records include:

(1) Individuals who file tax returns or submit return information to TTB regarding Federal excise taxes on alcohol, tobacco, firearms, and ammunition or tobacco industry-related special occupational taxes; and

(2) Individuals who have filed permit applications with or who have been issued permits by TTB; who have filed notices or registrations with TTB; and/or who are in certain positions of management or control of such regulated businesses, or have specified levels of ownership interest in such regulated businesses.

These individuals include alcohol and tobacco permittees, registrants, or notice holders; alcohol, tobacco, and firearms and ammunition excise taxpayers; special occupational taxpayers; claimants for refund, abatement, credit, allowance, or drawback of excise or special occupational taxes; and those filing offers in compromise.

#### **CATEGORIES OF RECORDS IN THE SYSTEM:**

This system includes records containing investigative material compiled to meet TTB's responsibilities under the Internal Revenue Code of 1986 and the Federal Alcohol Administration Act, which may consist of the following:

- Names of individuals;
- Dates of birth;

- Social Security Numbers (SSN) (if collected);
- Telephone numbers;
- Email addresses;
- Mailing, home, and business premises addresses;
- Employer Identification Numbers (EIN);
- Abstracts of offers in compromise;
- Administrative law judge decisions;
- Assessment records including notices of proposed assessments, notices of shortages or losses, copies of notices from the Internal Revenue Service to assess taxes, and recommendations for assessments;
- Audit and investigation reports;
- Chief Counsel opinions and memoranda;
- Claim records including claims, letters of claim rejection, sample reports, supporting data, and vouchers and schedules of payment;
- Correspondence concerning records in this system and related matters;
- Demands for payment of excise tax liabilities;
- Financial statements;
- Letters of warning;
- Lists of permittees and licensees;
- Lists of officers, directors, and principal stockholders;
- Mailing lists;
- Notices of delinquent reports;
- Offers in compromise;
- Operational records, such as operating and inventory reports, and transaction records and reports;

- Orders of revocation, suspension, or annulment of permits, notices, registrations or licenses;
- Permits and permit histories;
- Reports of violations;
- Qualifying records including access authorizations, advertisement records, applications, business histories, criminal records, educational histories, employment histories, financial data, formula approvals, licenses, notices, permits, personal references, registrations, sample reports, special permissions and authorizations, and statements of process;
- Show cause orders; and
- Tax records relating to periodic payment and prepayment of taxes, tax returns, and notices of tax discrepancy or adjustment.

#### **RECORD SOURCE CATEGORIES:**

This system of records has been determined to be exempt from compliance with the provisions of 5 U.S.C. 552a(e)(4)(I) requiring the record source categories be reported.

#### **ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:**

In addition to those disclosures generally permitted under the Privacy Act of 1974, 5 U.S.C. 552a(b), records and/or information or portions thereof maintained as part of this system may be disclosed outside Treasury as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

- (1) To a Federal, State, local, or foreign agency maintaining civil, criminal, or other relevant enforcement information or other pertinent information, which has requested information necessary or relevant to the requesting agency's official functions; including for the purpose of enforcing administrative, civil, or criminal laws; hiring or



retention of an employee; issuance of a security clearance, license, contract, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter;

(2) To a Congressional office in response to an inquiry made at the request of the individual to whom the record pertains;

(3) To a Congressional office from the record of an individual in response to an inquiry from that Congressional office made pursuant to a written Privacy Act waiver at the request of the individual to whom the record pertains;

(4) To the National Archives and Records Administration (or the Archivist's designee) pursuant to records management inspections being conducted under the authority of 44 U.S.C. 2904 and 2906;

(5) To appropriate agencies, entities, and persons when: (1) The Department of the Treasury and/or TTB suspects or has confirmed that there has been a breach of the system of records; (2) the Department of the Treasury and/or TTB has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, the Department of the Treasury and/or TTB (including its information systems, programs, and operations), the Federal Government, or national security; and (3) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department of the Treasury's and/or TTB's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm;

(6) To another Federal agency or Federal entity, when the Department of the Treasury and/or TTB determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (1) responding to a suspected or confirmed breach or (2) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems,

programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach;

(7) To third parties when such disclosure is required by statute or Executive Order;

(8) To third parties to the extent necessary to collect or verify information pertinent to TTB's decision to grant, deny, or revoke a license or permit; to initiate or complete an investigation of violations or alleged violations of laws and regulations administered by TTB;

(9) To a court, magistrate, or administrative tribunal in the course of presenting evidence, including disclosures to opposing counsel or witnesses in the course of or in preparation for civil discovery, litigation, or settlement negotiations, in response to a subpoena where relevant or potentially relevant to a proceeding, or in connection with criminal law proceedings;

(10) To International Criminal Police Organization (INTERPOL) and similar national and international intelligence gathering organizations for the purpose of identifying international and national criminals involved in consumer fraud, revenue evasion, crimes, or persons involved in terrorist activities;

(11) To foreign governments in accordance with formal or informal international agreements;

(12) To appropriate Federal, State, local, or foreign agencies responsible for investigating or prosecuting the violations of, or for enforcing or implementing, a statute, rule, regulation, order, or license, where the disclosing agency becomes aware of an indication of a violation or potential violation of criminal law or regulation;

(13) To third parties for a purpose consistent with any permissible disclosure of returns or return information under the IRC, as amended;

(14) To a contractor for the purpose of processing administrative records and/or compiling, organizing, analyzing, programming, or otherwise refining records subject to the same limitations applicable to Department of the Treasury officers and employees under the Privacy Act;

(15) To the Department of Justice when seeking legal advice or when (a) the Department of the Treasury or (b) the disclosing agency, or (c) any employee of the disclosing agency in his or her official capacity, or (d) any employee of the agency in his or her individual capacity where the Department of Justice has agreed to represent the employee, or (e) the United States, where the disclosing agency determines that litigation is likely to affect the disclosing agency, is a party to litigation or has an interest in such litigation, and the use of such records by the Department of Justice is deemed by the agency to be relevant and necessary to the litigation; and

(16) To the news media to provide information in accordance with guidelines contained in 28 CFR 50.2 that relate to an agency's functions relating to civil and criminal proceedings.

#### **POLICIES AND PRACTICES FOR STORAGE OF RECORDS:**

TTB maintains records in this system in a secure computer system that require the use of a personal identity verification (PIV) card and multi-digit personal identification number (PIN) to access, or on paper in secure facilities with controlled access.

#### **POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:**

Records may be retrieved by name, by permit or license number, by document locator number, or by Employer Identification Number (EIN).

#### **POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:**

TTB retains and disposes of records in the system in accordance with records disposition schedule DAA-0564-2013-0003, approved by the National Archives and Records Administration (NARA) for TTB.

**ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:**

TTB safeguards records in this system in accordance with applicable rules and policies, including all applicable Treasury automated systems security and access policies. TTB has imposed strict controls to minimize the risk of compromising the information that is being stored. Records stored on electronic media are protected by controlled access and are encrypted at rest in the system and when transmitted. Access to the computer system containing the records in this system is limited to those individuals who have a need to know the information for the performance of their official duties and who have appropriate clearances.

**RECORD ACCESS PROCEDURES:**

This system of records has been determined to be exempt from compliance with the access provisions of 5 U.S.C. 552a(e)(4)(H). Also see “Notification Procedures” below.

**CONTESTING RECORD PROCEDURES:**

This system of records has been determined to be exempt from compliance with the provisions of 5 U.S.C. 552a(e)(4)(H) allowing an individual to contest the contents of records. Also see “Notification Procedures” below.

**NOTIFICATION PROCEDURES:**

The Secretary of Treasury has exempted this system from the notification, access, and amendment procedures of the Privacy Act because it is a law enforcement system. However, Treasury and TTB will consider individual requests to determine whether or not information may be released. Thus, individuals seeking notification of and access to any record contained in this system of records, or seeking to contest its content, may

inquire in writing in accordance with instructions appearing at 31 CFR part 1, subpart C, Appendices A–N. Requests for information and specific guidance on where to send requests for records may be addressed to: Assistant Administrator, Permitting and Taxation, Alcohol and Tobacco Tax and Trade Bureau, 550 Main Street, Suite 8002, Cincinnati, OH 45202.

When seeking records about yourself from this system of records or any other Departmental system of records your request must conform with the Privacy Act regulations set forth in § 1.26 of 31 CFR part 1. You must first verify your identity, meaning that you must provide your full name, current address, and date and place of birth. You must sign your request, and your signature must either be notarized or submitted under 28 U.S.C. 1746, a law that permits statements to be made under penalty of perjury as a substitute for notarization. While no specific form is required, you should provide the following:

- An explanation of why you believe the Department would have information on you;
- Identify which bureau(s) of the Department you believe may have the information about you;
- Specify when you believe the records would have been created;
- Provide any other information that will help the Bureau or FOIA staff determine which Treasury Bureau may have responsive records; and
- If your request is seeking records pertaining to another living individual, you must include a statement from that individual certifying his/her agreement for you to access his/her records.

Without this bulleted information, the Bureau(s) may not be able to conduct an effective search, and your request may be denied due to lack of specificity or lack of compliance with applicable regulations.

## **EXEMPTIONS PROMULGATED FOR THE SYSTEM:**

The Secretary of the Treasury has designated this system as exempt from the following provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2): 5 U.S.C. 552a(c)(3), (d)(1), (d)(2), (d)(3), (d)(4), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I), and (f). See 31 CFR 1.36 as amended by the final rule published by the Department of the Treasury in the **Federal Register** on May 15, 2012 (77 FR 28470).

## **HISTORY:**

Notice of this system of records was last published in full in the **Federal Register** on January 28, 2015, (80 FR 4637) as Treasury/TTB .001 Regulatory Enforcement Record System.

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